

11 September 1979

MEMORANDUM FOR: Chief, Plans and Programs Staff, OL
VIA: Chief, Supply Division, OL *Dr*
FROM: [REDACTED]
Acting Chief, Operations Support Branch,
Supply Division, OL
SUBJECT: National Supply System (U)
REFERENCE: Memo for Heads of Executive Departments
and Establishments fr D/OMB, dtd Aug 22,
79, same subj (OL 9 3643)

We have been tasked by the Director of Logistics to analyze and comment on any impact the establishment of a National Supply System may have on the Office of Logistics. Our memorandum to you of 5 July 1979 provided our views and position on this subject, and we have nothing of substance to add at this juncture. However, it is suggested that [REDACTED], Chief, Data Control Branch, be assigned as the Agency representative to the National Supply System Implementation Task Force (NSSITF) to render assistance and to protect our vital interests in those areas of Agency concern. (U)

Att

cc: [REDACTED] w/att

OL 9 3643a

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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

AUG 22 1979

Executive Registry

79-4712

DD/A Registry

79-2813

MEMORANDUM FOR HEADS OF EXECUTIVE DEPARTMENTS
AND ESTABLISHMENTS

SUBJECT: National Supply System

On August 9, 1979, President Carter approved my recommendation to establish a National Supply System. Specifically, the President approved a preliminary system definition and an implementation schedule which were developed under the joint auspices of the National Supply System Advisory Board and the Administrative Services Reorganization Project. As you will note in the attached memorandum, the President strongly supports this effort and assigns to it a high priority.

This project to develop and implement a uniform, integrated, Government-wide supply system, which has been under consideration for many years, will be a substantial undertaking. Success will require your full cooperation and assistance, particularly in the support and staffing of the necessary interagency work groups. The Administrator for Federal Procurement Policy, who is assigned the leadership role in concert with the National Supply System Advisory Board, will be contacting many of you for assistance and support in the process of accomplishing this project. I encourage you to respond as affirmatively as your resources permit. I intend to maintain a close interest in this project and am committed to give immediate attention to the resolution of difficult issues which may arise.

If you have any questions regarding this matter, please contact Mr. James D. Currie, Acting Administrator for Federal Procurement Policy, at 395-7207.

James T. McIntyre, Jr.
Director

Attachment

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WASHINGTON

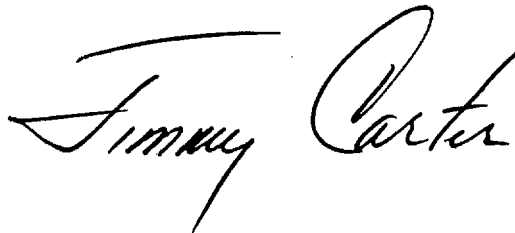
August 9, 1979

MEMORANDUM FOR: THE HONORABLE JAMES T. MC INTYRE, JR.
DIRECTOR
OFFICE OF MANAGEMENT AND BUDGET

SUBJECT: National Supply System

I have approved your recommendation for the establishment of a National Supply System, as described in the attached documents.

Steps planned to fully describe and implement the system should be taken promptly under the leadership of the Administrator for Federal Procurement Policy, acting in concert with the National Supply System Advisory Board. To support this action, I am requesting that you advise the heads of executive departments and agencies of the priority which I assign to this project. Their full cooperation and assistance will be vital in the development, implementation and direction of the National Supply System.

A handwritten signature in cursive script, reading "Jimmy Carter". The signature is written in dark ink and is positioned in the lower right quadrant of the page.

NATIONAL SUPPLY SYSTEM

PHASE I — PRELIMINARY DEFINITION AND DESCRIPTION

I. PREAMBLE

The purpose of this document is to provide a definition of a National Supply System (NSS), along with a brief description of the principal features and characteristics of that System.

II. DEFINITION

The National Supply System (NSS) is a uniform, integrated Federal-wide system for the acquisition, supply, and distribution of personal property and related services, with authority to establish, enforce, and monitor policies and procedures, world-wide in scope and application.

III. OBJECTIVES

The System will be one which is designed to accommodate both normal peacetime, as well as emergency and defense-wartime requirements. The System will seek to:

- A. Eliminate overlap and duplication, improve cost-effectiveness and provide for more effective utilization of existing Executive Branch personnel in the management of acquisition and supply programs.
- B. Establish a coherent, predictable, and responsive process for use by Executive Branch agencies in acquiring supplies and related services necessary for mission performance with flexibility essential to accommodate the diverse needs and capabilities of the participants.
- C. Provide for a greater degree of reliance on the private sector in meeting supply and logistics needs so that:
 1. Government duplication of private sector capabilities can be minimized; and
 2. The Government's potential for benefiting from competition within the private sector can be enhanced.
- D. Establish a Government-wide comprehensive approach to the resolution of acquisition and supply problems in the Executive Branch.
- E. Create a body of complementary procedures for use by manufacturers and suppliers in responding to the supply and service needs of Executive Branch agencies.
- F. Facilitate the implementation, in a more rapid fashion, of technical and systems improvements on a Government-wide basis.
- G. Assure that policies associated with acquisition and supply reflect and respond to the national security and other national interests, as directed by the President.

IV. FUNCTIONS

The System would encompass the following:

- A. A unified body of supply policies, program directives, and related central management activity.
- B. A cataloging system for the identification, specification, and standardization of items.
- C. A standard system for the acquisition of material.
- D. An item management system for designating managers for individual items and/or classes of items which will optimize the one item/one manager concept.
- E. A standardized requisitioning and issue procedure with automated and manual capabilities, and an order status tracking capability.
- F. A standardized logistics communications system.
- G. A system of contract administration to include quality assurance.
- H. An integrated distribution system to accommodate the receipt, inspection, storage, issue, and movement of material in which the depot facilities will be used on a common-use basis.
- I. An integrated system for the reutilization and disposal of excess and surplus property.
- J. A system for collecting, developing, communicating, and disseminating acquisition and property management data which takes into account the needs of the Congress, the Executive Branch, and the private sector.
- K. A supply management system to include requirements computation, initial provisioning, and inventory management.
- L. Continuous close cooperation with central personnel management authority to promote programs for improved qualification and position classification standards and similar activities towards improving the recruitment, training, career development, motivation and performance evaluation of acquisition and supply personnel.

V. STRUCTURE

- A. The System will be applicable to each department, agency, committee, commission, and board of the Federal Government. Each entity will participate in the system as a manager, operator, or user, or in a combination of these roles. Executive Branch entities will participate under a mandatory charter; the Legislative and Judicial Branches may participate on a voluntary basis; however, if they choose to participate, they will do so within the same parameters and restrictions as the Executive Branch. NATO and other friendly foreign countries may also participate in selected aspects of the System. Contractors and quasi-governmental agencies may become users of the System when sponsored by participants.

B. The System will include:

1. A single, top level, central executive policy authority, designated by and reporting to the President;
2. Full and continuing representation in major policy and program formulation and key decision making by system participants, at the level of department/agency head, and in relation to the size and significance of such participants' contributions to, and reliance on the System;
3. Consultative mechanisms to assure continuing advisory and supportive inputs from recognized, knowledgeable private sector expertise to assure that full consideration is given to commercial, industrial, and socio-economic aspects and impacts of Federal supply activities; and
4. A policy and management structure to assure fulfillment of statutory and Executive Branch requirements by developing standardized policies, procedures and management standards governing the operation of the System, and to provide for evaluation and compliance. Operational mechanisms will assure that implementation of National Supply System policies and programs associated with the acquisition and control of principal end—and related depot-level repairable—items of personal property which are mission-unique to a single department or agency will be the responsibility of that department or agency unless specifically excepted by law or Presidential direction. Implementation of operational mechanisms associated with the acquisition and control of items of personal property, other than those indicated above, will be the responsibility of an agency or agencies designated by the central executive policy authority described in V.B.I. above.

Approved: August 9, 1979

NATIONAL SUPPLY SYSTEM

PHASE II — PLAN AND SCHEDULE FOR COMPLETING PRELIMINARY DEFINITION AND DESCRIPTION

I. INTRODUCTION

The purpose of this document is to provide a recommended plan and schedule for completing the Preliminary Definition and Description of the National Supply System.

II. SCOPE OF PLAN AND SCHEDULE

Completion of the definition and description of the National Supply System (NSS) will include:

- A. The further definition and delineation of the NSS, description of its functions and their components, and, upon approval by the NSSAB, development of the respective roles and responsibilities of the participants, proposed policy setting authority, and organizational structures;
- B. The development of the implementing charter, policy statements, orders and similar directives for bringing the National Supply System into existence;
- C. The clearance and coordination of such implementing documents with all participants and other interested parties, including publication in the Federal Register;
- D. Revisions to such implementing documents, as required, on the basis of comments received; and
- E. The development and coordination of all transition plans, schedules and other arrangements for phasing into the new National Supply System.

For each of the functions described in Part IV of this report, there has been included a listing of examples of a number of significant components. Also noted, are known projects or studies toward the enhancement of the National Supply System objectives. In addition, specific reference is made to some activities uniquely required to further define, describe and implement that function with respect to the National Supply System. These should all become part of, and integrated into, the plan and schedule of work for the development of the National Supply System, and should be coordinated by the National Supply System Implementation Task Force.

Unified policies, programs, directives, procedures and standard forms are required for all of the functions, as referenced in IV, A below, so these will not be repeated as a required item under each function.

III. NATIONAL SUPPLY SYSTEM IMPLEMENTATION TASK FORCE (NSSITF)

The organization through and by which the work of completing the definition and description of the National Supply System will be accomplished, will be known as the National Supply System Implementation Task Force (NSSITF). This Task Force should be staffed by personnel from Executive departments and agencies. Details of personnel would be based on the cooperation and concurrence of the agencies affected, and with regard to the relative degree of participation of each department or agency in the National Supply System, as well as on the need for top level, functional expertise and analytical ability. The Task Force will consist of a senior level Director, a Functional Coordinator for each major function identified in the National Supply System Definition, and Work Groups for each function and/or major sub-function.

The Task Force Director and the Functional Coordinators, to the extent practicable, should be collocated to assure close coordination in development of unified National Supply System plans and policies.

In addition to the staffing requirements referenced above, a budget allocation should be provided for the operation of the National Supply System Implementation Task Force, for adequate support staff, and for all logistical and travel requirements.

IV. FUNCTIONS

The specific functions, components, related ongoing and scheduled projects, and activities uniquely required for each function, are indicated below:

A. *A Unified Body of Supply Policies, Program Directives, and Other Central Management Activity.*

Components:

- Policies
- Program Directives
- Plans and Schedules
- System-Subsystem Designs
- Standard Forms
- Participant Role Definitions
- Management Concepts
- Organizational Structures
- Budget and Accounting System Design
- Evaluation Plan
- Public Information Program
- Transition/Phasing Arrangements

1. **Currently Underway:**

See listings of specific projects associated with Functions B through L, below.

2. **Scheduled:**

See listings associated with Functions B through L below.

3. **Required:**

In addition to those National Supply System projects currently underway, or scheduled, as identified for Functions B through L below, it is necessary to develop:

- (a) Unified, Federal-wide policies, programs, systems, directives, procedures, and standard forms for each of the functions, in consonance with Section III, Objectives, of the Preliminary Definition and Description of the National Supply System;

- (b) Specific plans and policy and program directives to assure a fully integrated and consistent, phased implementation of each system, program and procedure, as described in Functions B through L.
- (c) Unified Government-wide budget, finance and accounting policies and procedures to assure orderly funds transfers, property accountability, and other requirements associated with common service acquisition and supply;
- (d) Programs to improve understanding of Federal acquisition and supply policies, both within the Service, and by organizations and individuals doing business with the Government;
- (e) Programs for identifying, evaluating and correcting, on a continuing basis, overlappings, duplications, inadequacies, inconsistencies, inefficiencies, and other errors or omissions in Government supply policies, procedures, regulations and directives, and in other policies, regulations, and laws affecting supply;
- (f) A detailed transition plan for the orderly phasing of sub-systems into the National Supply System, and for reviewing such sub-systems to identify excess system resources (facilities, equipment, personnel, software).

B. A Cataloging System for the Identification, Specification and Standardization of Items.

Components:

- Identification of items
- Assignment of National Stock Numbers
- Registration of all National Supply System participants in the Federal Catalog System
- An integrated data base of cataloging data for common use by National Supply System participants
- Item Management data
- Control of the entry and exit of items
- Standardization of items
- Cataloging publications to satisfy user needs
- NATO and other friendly foreign government participation

1. Currently Underway:

Office of Federal Procurement Policy/DoD/GSA joint project for development of specification management improvement program.

2. Scheduled:

National Supply System Task Group #3 is to develop programs and procedures to assure systematic entry and control of items into the NSS, and NSS Task Group #4 is to develop means to maximize Civil Agency participation in the Federal Catalog System.

3. Required:

Development of a program to require registration of items in the Federal Catalog System.

C. A Standard System for the Acquisition of Material.

Components:

- Includes all functions associated with acquisition of material, other than those listed elsewhere, ie:
 - Requirements Forecasting
 - Source Determination
 - Centralized/Decentralized Procurement
 - Schedules
 - Local Purchase
 - Advertising
 - Solicitation
 - Negotiation
 - Evaluation
 - Award

1. Currently Underway:

- (a) A single, unified acquisition regulation (Federal Acquisition Regulation). Also, see Function J.
- (b) Unified policy guidelines for implementation of the Commercial Products Acquisition/Distribution Program.
- (c) Improved Multiple Award Schedule Contract Program.
- (d) Market Research and Analysis Programs.
- (e) Implementation of Major System Acquisitions policy (OMB Circular No. A-109).

2. Required:

Specific procurement assignment criteria as required for Functions C and D.

D. An Item Management System for Designating Managers for Individual Items or Classes Which Will Optimize the One Item/One Manager Concept.

Components:

- Standard Inventory management systems
- Inventory Management Assignments
- Supply Support Assignments

1. Currently Underway:

An effort by OFPP/DoD/VA/GSA/DHEW to establish a single government-wide system to procure and assure quality of medical and nonperishable subsistence items.

2. Required:

Specific item and procurement assignment criteria as required for Functions C and D.

E. Standardized Requisitioning and Issue Procedures with Automated and Manual Capabilities and An Order Status Tracking Capability.

Components:

- Requisitioning and Issue System
- Uniform Priority System

- Reporting System
- Transportation System
- Intransit Item Visibility System

F. A Standardized Logistics Communications System.

Components:

- System-wide automated digital network
- System-wide automated addressing capability
- Standard Input/Output Codes and formats
- Communications systems dedicated to logistics traffic transmission
- Manual and mechanical Interface with the Digital Network

G. A System of Contract Administration to Include Quality Assurance.

Components:

- Standard quality assurance procedures
- Adherence to specifications, contract delivery dates, and production schedules
- Pre-award and post-award audit of contractors
- Contractor compliance with affirmative action and socio-economic program requirements

1. Currently Underway:

- (a) Consolidation of contractor affirmative action compliance within the Department of Labor
- (b) Development of the Federal Procurement Data System (See Function J).

H. An Integrated Distribution System to Accommodate the Receipt, Inspection, Storage, Issue and Movement of Material in which the Depot Facilities will be Used on a Common-use Basis.

Components:

- | | |
|---|--------------------------------|
| • Depot Operating Systems | • Depot Transportation Systems |
| • Receiving | • Expediting and monitoring |
| • Issuing | • Material marking |
| • Packing/Crating/Handling | • Consolidation/Staging |
| • Stock Control | • Material Movement |
| • Storage (Physical Inventory, Warehousing, and Preservation) | • Traffic Management |
| • Retail Stores Operations | • Positioning/Repositioning |

1. Currently Underway:

- (a) National Supply System Task Group #2: development of criteria and data base for consolidating wholesale government supply distribution facilities.
- (b) The preliminary efforts of DoD in reviewing their thirty-four general purpose depots for potential consolidation.

(c) The preliminary effort and plans of GSA/FSS to reduce their depots.

I. *An Integrated System for the Reutilization and Disposal of Excess and Surplus Property.*

Components:

- Utilization Screening
- Reporting
- Repair, Rehabilitation and Reclamation
- Reutilization and Reassignment
- Donation
- Sales

J. *A System for Collecting, Developing, Communicating, and Disseminating Acquisition and Property Management Data Which Takes Into Account the Needs of the Congress, the Executive Branch, and the Private Sector.*

Components:

- National Supply Data System
- Ability to provide required and recurring reports
- Additional related systems to program plans, budgets, costs, personnel data and other information as required

1. *Currently Underway:*

A Federal Procurement Data System, including a Federal Data Procurement Center, for assembling, organizing and presenting contract placement data for the Federal Government, is to commence operation October 1, 1978.

2. *Required:*

- (a) An advisory group to recommend additions, deletions and changes to the National Supply Data System.
- (b) An interagency committee to determine required programs and data elements, and to test, implement and oversee the development of programs for the National Supply Data System.

K. *A Supply Management System to Include Requirements Computation, Initial Provisioning and Inventory Management.*

Components:

- Demand history/program data
- Economic order quantities
- Requirements Determination (peacetime, wartime, emergency)
- Source selection of repairs parts
- Registration of items in Federal Cataloging System
- Establishment of method of supply
- Item accounting—National inventory records

- Establishment of stock levels
- Inventory, shelf life: surveys, adjustments and reconciliation
- Credit returns/excess/disposition

L. Continuous Close Cooperation with Central Personnel Management Authority to Promote Programs for Improved Qualification and Position Classification Standards and Similar Activities Towards Improving the Recruitment, Training, Career Development, Motivation, and Performance Evaluation Of Acquisition and Supply Personnel.

Components:

- Classification standards
- Qualification and performance standards and appraisal methods
- Analysis and development of recruitment sources for qualified personnel
- Training and career development programs
- Recognition and awards programs
- Certification and Licensing programs

1. Currently Underway:

Federal Acquisition Institute is developing career programs for acquisition and contracting personnel. These should be expanded, in cooperation with GSA and CSC, to include all supply personnel.

2. Required:

A task group to develop a code of ethics, examination, licensing and certification programs, and to develop an awards and recognition program, for special achievements of supply, and acquisition personnel.

V. SCHEDULE

Note: Actions are to be taken with full input and consultation with agencies affected, and approval by National Supply System Advisory Board. The schedule also envisions continuing coordination with other related projects, studies and cost-benefit analyses, underway elsewhere in the Federal Service, in the development of the products needed to complete the definition and description of the NSS. The dates listed are initial targets and are subject to adjustment, when necessary, to assure quality products.

A. August 1, 1979

- Approval of the National Supply System Project Summary by the President
- Charter for Task Force and appointment of Task Force Director
- Appointment of Functional Coordinators
- Organization of Work Groups including necessary administrative support

B. December 1, 1979

- Development of completed, formal National Supply System definition, and of *initial* drafts of major policy and program directives

- Coordination of the above with NSS participants and other interested parties
- Negotiation and resolution of comments by the National Supply System Advisory Board

C. March 1, 1980

- Development of *initial drafts* of comprehensive descriptions and of policy and program directives for each of the *functional areas*
- Coordination of the above with NSS participants and other interested parties
- Approval by the National Supply System Advisory Board of completed, formal National Supply System definition, and final drafts of major policy and program directives

D. June 1, 1980

Approval by the National Supply System Advisory Board, of *final drafts* of comprehensive descriptions, and of policy and program directives for each of the *functional areas*.

E. August 1, 1980

Subsequent to completion and approval by NSSAB, of comprehensive functional descriptions, policy and programs directives, as per D above, delineation of roles and responsibilities of NSS participants, and of management authorities and organizational structures. Coordination with all interested parties, negotiation and resolution of comments and approval by the National Supply System Advisory Board.

F. December 1, 1980

Issuance of all policy, program and management directives, establishing the National Supply System, with *phased implementation* to *begin March 1, 1981*—this gives a seven month lead in, transition period for actions to be effected at the beginning of FY 82, ie October 1, 1981.

Approved: August 9, 1979

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